

**RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana**

**Annual Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
June 30, 2012
With Supplemental Information Schedules**

RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana

Annual Financial Statements
As of and for the Year Ended June 30, 2012
With Supplemental Information Schedules

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RICHLAND PARISH SALES AND USE
TAX COMMISSION
Arcadia, Louisiana
Contents, June 30, 2012

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MARY JO FINLEY, CPA, INC.

A PROFESSIONAL CORPORATION

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Independent Auditor's Report

**RICHLAND PARISH SALES AND
USE TAX COMMISSION
Rayville, Louisiana**

I have audited the accompanying financial statements of the governmental activities and major fund of the Richland Parish Sales and Use Tax Commission, as of June 30, 2012, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Richland Parish Sales and Use Tax Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Richland Parish Sales and Use Tax Commission as of June 30, 2012, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 9, the budgetary comparison information on pages 28 through 29, and schedule of sales tax collections on page 30, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with managements's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

RICHLAND PARISH SALES AND
USE TAX COMMISSION
Rayville, Louisiana
Independent Auditor's Report,
June 30, 2012

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Richland Parish Sales and Use Tax Commission's office basic financial statements as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of the Richland Parish Sales and Use Tax Commission. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

In accordance with *Government Auditing Standards*, I have also issued a report dated October 15, 2012, on the Richland Parish Sales and Use Tax Commission's compliance with laws, regulations, and contracts, and my consideration of the agency's internal control. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



West Monroe, Louisiana
October 15, 2012

REQUIRED SUPPLEMENTARY INFORMATION
PART I

Richland Parish Sales and Use Tax Commission
Rayville, Louisiana

Management's Discussion and Analysis
June 30, 2012

As management of the Richland Parish Sales and Use Tax Commission, I offer readers of the Richland Parish Sales and Use Tax Commission's financial statements this narrative overview and analysis of the financial activities of the Richland Parish Sales and Use Tax Commission for the fiscal year ended June 30, 2012. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Financial Highlights

The Commission was created in 1992 by a joint agreement for the collection of sales, use taxes and other fees. The parties to the joint agreement are the Richland Parish School Board; Richland Parish Police Jury; Richland Parish Sheriff's Office; Town of Rayville, LA; Town of Delhi, LA; and Town of Mangham, LA. The purpose of the Commission is to collect sales and use taxes within the parish of Richland. The Commission is funded by the parties to the joint agreement on a pro-rata basis on the ratio that the taxes collected for each bears to the total taxes collected for all. The total amount of the annual funding is determined during the budget process and is collected monthly at the rate of one-twelfth of the annual amount.

The Commission remitted \$13,543,635 in taxes to its member agencies during the year ended June 30, 2012, a decrease of \$2,503,849 or 18% over the prior fiscal year.

The expenditures of \$156,776 for the year ended June 30, 2012 reflect an increase of \$3,438 over the prior fiscal year. The operations of the Commission for the year ending June 30, 2012 are expected to be similar to the current fiscal year.

Overview of the Financial Statements

The minimum requirements for Special Purpose Governments engaged in fiduciary activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* consists of the following three sections: 1) Management's Discussion and Analysis (this section), 2) the Basic Financial Statements (including the notes to the financial statements), and 3) Required Supplemental Information.

Basic Financial Statements

The basic financial statements present information for the Richland Parish Tax Commission as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; Statement of Activities; Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances; and Statement of Fiduciary Net Assets.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Richland Parish Sales and Use Tax Commission's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Richland Parish Sales and Use Tax Commission's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Richland Parish Sales and Use Tax Commission is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned, but unused, sick leave).

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Richland Parish Sales and Use Tax Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Richland Parish Sales and Use Tax Commission can be divided into two categories: governmental funds and fiduciary (agency) funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Richland Parish Sales and Use Tax Commission adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary (agency) funds are used to account for resources held for the benefit of parties outside the government. Since these resources are not available to support the Richland Parish Sales and Use Tax Commission's programs, Fiduciary (agency) funds are not reflected in the government-wide financial statement.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplemental information* concerning the Richland Parish Sales and Use Tax Commission's performance.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Richland Parish Sales and Use Tax Commission exceeded liabilities by \$62,266. The largest portion of the Richland Parish Sales and Use Tax Commission's net assets reflects its investment in capital assets (e.g., buildings and equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

An additional portion of the Richland Parish Sales and Use Tax Commission's net assets represents resources that are subject to external restrictions (e.g., compensated absences). The balance in unrestricted net assets is affected by two factors: 1) resources expended, over time, by the Richland Parish Sales and Use Tax Commission to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation assets.

STATEMENT OF NET ASSETS

ASSETS	2012	2011
Cash and cash equivalents	\$6,827	\$15,422
Receivables	13,489	12,146
Prepays	2,415	2,421
Capital assets (net of accumulated depreciation)	48,605	52,927
TOTAL ASSETS	71,336	82,916
LIABILITIES		
Accounts payable	485	4,391
Salaries payable	2,215	1,703
Due to other funds	32	
Compensated Absences payable	6,338	5,266
TOTAL LIABILITIES	9,070	11,360
NET ASSETS		
Invested in capital assets, net of related debt	48,605	52,927
Restricted for Compensated absences	6,338	5,266
Unrestricted	7,323	13,363
TOTAL NET ASSETS	\$62,266	\$71,556

STATEMENT OF ACTIVITIES

	2012	2011
Finance and administrative:		
Personal services and related benefits	\$128,457	\$120,939
Operating services	23,382	21,464
Materials and supplies	2,519	2,757
Travel	2,465	1,918
Depreciation expense	5,347	4,675
Total Program Expenses	162,170	151,753
Program revenues:		
Fees, charges, and commissions for services	152,866	152,929
Net Program Expenses	(9,304)	1,176

General revenues:		
Miscellaneous revenues		\$4
Interest earned	\$14	21
Gain (Loss) on disposal of assets		(1,201)
Change in Net Assets	(9,290)	NONE
Net Assets - Beginning of year	71,556	71,556
Net Assets - End of year	<u>\$62,266</u>	<u>\$71,556</u>

Financial Analysis of the Government's Funds

As noted earlier, the Richland Parish Sales and Use Tax Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2012, governmental fund balances of \$19,999 showed a decrease of \$3,896 over June 30, 2011. Of this fund balance, \$13,661 is unassigned.

A portion of the governmental fund balance is reserved for compensated absences. The reserved fund balance of \$6,338 increased by approximately \$1,072. Richland Parish Sales and Use Tax Commission anticipates that this amount will increase in future years to accommodate the liability for future payments.

General Fund Budgetary Highlights

There were no budget amendments for the current year.

Capital Asset and Debt Administration

Capital assets. The Richland Parish Sales and Use Tax Commission's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$48,605 (net of accumulated depreciation). This investment includes buildings, furniture and equipment. The increase in capital assets for the year was \$1,025. There were no decreases during the year.

Long-term debt. At the end of the year, the Richland Parish Sales and Use Tax Commission has total long-term debt of \$6,338, which consists of compensated absences payable.

Requests for Information

This financial report is designed to provide a general overview of the Richland Parish Sales and Use Tax Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Richland Parish Sales and Use Tax Commission, P.O. Box 688, Rayville, LA 71269-0688.

BASIC FINANCIAL STATEMENTS

RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana

STATEMENT OF NET ASSETS
June 30, 2012

ASSETS

Cash and cash equivalents	\$6,827
Receivables	13,489
Prepays	2,415
Capital assets (net of accumulated depreciation)	<u>48,605</u>
TOTAL ASSETS	<u>71,336</u>

LIABILITIES

Accounts payable	\$485
Salaries payable	2,215
Due to other funds	32
Compensated absences payable	<u>6,338</u>
TOTAL LIABILITIES	<u>9,070</u>

NET ASSETS

Invested in capital assets, net of related debt	48,605
Restricted for Compensated absences	6,338
Unrestricted	<u>7,323</u>
TOTAL NET ASSETS	<u>\$62,266</u>

The accompanying notes are an integral part of this statement.

Statement B

RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana

STATEMENT OF ACTIVITIES
June 30, 2012

Finance and administrative:	
Personal services and related benefits	\$128,457
Operating services	23,382
Materials and supplies	2,519
Travel	2,465
Depreciation expense	<u>5,347</u>
Total Program Expenses	<u>162,170</u>
Program revenues:	
Fees, charges, and commissions for services	<u>152,866</u>
Net Program Expenses	(9,304)
General revenues - Interest earned	<u>14</u>
Change in Net Assets	(9,290)
Net Assets - Beginning of year	<u>71,556</u>
Net Assets - End of year	<u><u>\$62,266</u></u>

The accompanying notes are an integral part of this statement.

RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana
GOVERNMENTAL FUNDS

Balance Sheet, June 30, 2012

ASSETS

Cash and cash equivalents	\$6,827
Receivables	13,489
Prepaid expenses	2,415
TOTAL ASSETS	<u>\$22,731</u>

LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	\$485
Salaries payable	2,215
Due to other funds	32
TOTAL LIABILITIES	<u>2,732</u>

Fund Equity, fund balance:

Reserved for compensated absences	6,338
Unassigned	13,661
Total Fund Equity	<u>19,999</u>

TOTAL LIABILITIES
AND FUND EQUITY

\$22,731

The accompanying notes are an integral part of this statement.

RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana

Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Assets

For the Year Ended June 30, 2012

Total Fund Balances at June 30, 2012 - Governmental Funds (Statement C)		<u>\$19,999</u>
Cost of capital assets at June 30, 2012	\$95,921	
Less: Accumulated depreciation	<u>(47,316)</u>	<u>48,605</u>
Long term liabilities at June 30, 2012:		
Compensated absences payable		<u>(6,338)</u>
Net Assets at June 30, 2012 (Statement A)		<u><u>\$62,266</u></u>

The accompanying notes are an integral part of this statement.

Statement D

RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana
GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures
and Changes in Fund Balance

For the Year Ended June 30, 2012

REVENUES

Fees, charges, and commissions for services	\$152,866
Use of money and property	<u>14</u>
Total revenues	<u>152,880</u>

EXPENDITURES

Finance and administrative:

Current:

Personal services and related benefits	127,385
Operating services	23,382
Materials and supplies	2,519
Travel and other charges	2,465
Capital outlay	<u>1,025</u>
Total expenditures	<u>156,776</u>

**EXCESS (Deficiency) OF REVENUES
OVER EXPENDITURES**

(3,896)

FUND BALANCE AT BEGINNING OF YEAR

23,895

FUND BALANCE AT END OF YEAR

\$19,999

The accompanying notes are an integral part of this statement.

RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana

Reconciliation of Governmental Funds
Statement of Revenue, Expenditures, and Changes
in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2012

Total net change in fund balances - governmental funds (Statement D)	(\$3,896)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay for the period.	(4,322)
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In the Statement of Activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	<u>(1,072)</u>
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Change in net assets of governmental activities (Statement B)	<u><u>(\$9,290)</u></u>
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The accompanying notes are an integral part of this statement.

Statement E

RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana
Statement of Fiduciary Net Assets - Agency Fund

June 30, 2012

ASSETS

Cash and cash equivalents	\$327,272
Due from other funds	<u>32</u>
TOTAL ASSETS	<u><u>\$327,304</u></u>

LIABILITIES

Due to others	<u><u>\$327,304</u></u>
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The accompanying notes are an integral part of this statement.

**RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana**

**Notes to the Financial Statements
As of and For the Year Ended June 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article VII, Section 3 of the Louisiana Constitution of 1974, the Richland Parish Sales and Use Tax Commission serves as the collector of sales and use taxes for the parish. The Richland Parish Sales and Use Tax Commission was established by joint agreement for the collection of sales and use taxes and other fees on April 14, 1992. The commission is comprised of nine members, Chief Administrative Officer of Town of Rayville or designee, Chief Administrative Office of Town of Delhi or designee, Chief Administrative Officer of Town of Mangham or designee, Clerk of the Town of Rayville, President of Richland Parish Police Jury or designee, Secretary of Richland Parish Police Jury, Superintendent of Richland Parish School Board or designee, President of Richland Parish School Board or designee, and Richland Parish Sheriff or designee. The commissioners serve for indefinite terms and without benefit of compensation.

The accompanying financial statements of the Richland Parish Sales and Use Tax Commission have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

A. REPORTING ENTITY

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The Richland Parish Sales and Use Tax Commission was created as a political subdivision of the state under the provisions of Article VII, Section 3, of the Louisiana Constitution of 1974. Commission board members are appointed by taxing authorities imposing sales taxes within the parish and are solely accountable for fiscal matters, which include fiscal management for controlling the collection and disbursement of funds. Additionally, the commission is the collector for all sales and use taxes within the parish. Based on the above, the commission was determined to be a separate governmental reporting entity. The commission includes all funds, account groups, activities, et cetera, that are within the primary responsibility of the commission. Certain units of local government over which the commission exercises no primary responsibility, such as the Richland Parish Police Jury, School Board, Assessor, Clerk of Court, and municipalities within the parish, are excluded from the accompanying financial statements. These units of local government are governed by independently elected officials. They are neither controllable by nor answerable to the Richland Parish Sales and

RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana
Notes to the Financial Statements (Continued)

Use Tax Commission. Further, their operations do not require the approval of the commission nor is the commission legally or morally responsible for their actions. They are considered separate reporting entities and issue financial statements separate from those of the Richland Parish Sales and Use Tax Commission.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The commission's basic financial statements include both government-wide (reporting the commission as a whole) and fund financial statements (reporting the commission's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the commission are classified as governmental.

The Statement of Net Assets (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the commission, except for fiduciary funds. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

In the Statement of Net Assets, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net assets are reported in three parts; invested in capital assets, net of any related debt; restricted net assets; and unrestricted net assets. The commission first uses restricted resources to finance qualifying activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the commission's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the commission's general revenues.

Allocation of Indirect Expenses - The commission reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly

**RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana
Notes to the Financial Statements (Continued)**

identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the commission are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the commission. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Funds are classified into three categories; governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The commission's current operations require the use of governmental and fiduciary funds as described below:

Governmental Fund Type - General Fund

The General Fund is the principal fund and is used to account for the operations of the commission. The commission's primary source of revenue is fees for the collection of sales and use taxes. General operating expenditures are paid from this fund.

**Fiduciary Fund Type - Sales Tax
Collection Agency Fund**

The Sales Tax Collection Agency Fund is used to account for the collection and distribution of sales and use taxes imposed by the various taxing authorities

**RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana
Notes to the Financial Statements (Continued)**

within the parish. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds and the fiduciary type agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The governmental funds use the following practices in recording revenues and expenditures:

**RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana
Notes to the Financial Statements (Continued)**

Revenues:

Fees for the collection of sales and use taxes are recorded when the commission is entitled to the funds which is normally the same month the taxes are collected.

Interest income on demand deposits is recorded monthly when the interest is earned and credited to the account.

Based on the above criteria, fees, charges, and commissions for services are treated as susceptible to accrual.

Expenditures:

Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred.

E. CASH

Under state law, the commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The commission may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2012, the commission has cash (book balances) totaling \$334,099.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash (bank balances) at June 30, 2012, total \$421,870 and are fully secured by federal deposit insurance.

F. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value.

**RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana
Notes to the Financial Statements (Continued)**

at the date of donation. The commission maintains a threshold level of \$100 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the commission, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	20 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

G. VACATION AND SICK LEAVE

All employees earn from 10 to 15 days vacation leave each year depending on length of service. Unused vacation leave may be carried forward to the succeeding year up to a maximum of 10 days and is paid to employees upon separation from service.

All employees receive one day of sick leave per month. Unused sick leave may be carried forward to the succeeding year up to a maximum of 20 days and is paid to employees upon separation from service.

At June 30, 2012, employees of the commission have accumulated \$6,338 of employee leave benefits, computed in accordance with GASB Codification Section C60.

H. RISK MANAGEMENT

The sales tax commission is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the commission maintains commercial insurance policies covering; automobile liability, medical payments, uninsured motorist, and collision; business liability; property coverage; workers compensation; and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. In addition to the above policies, the commission also maintains an errors and

**RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana
Notes to the Financial Statements (Continued)**

omissions claims paid policy. No claims have been filed on the policy during the past three years nor is the commission aware of any unfiled claims.

2. CHANGES IN CAPITAL ASSETS

The following schedule presents changes in buildings, office furnishings and equipment for the year ended June 30, 2012:

Adjusted balance, June 30, 2011	\$94,896
Additions	1,025
Deletions	<u>NONE</u>
Balance, June 30, 2012	95,921
Less accumulated depreciation	<u>(47,316)</u>
Net Capital Assets	<u><u>\$48,605</u></u>

3. PENSION PLAN

All employees of the commission are members of the Parochial Employees' Retirement System of Louisiana (System) a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. This system is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Commission are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the system. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to 1% of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements are required supplementary information for the System. That report may be obtained by writing to the Parochial

**RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana
Notes to the Financial Statements (Continued)**

Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan.

The contribution requirements of plan members and the Commission are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Commission's contributions to the System under Plan A for the years ending June 30, 2012, 2011, and 2010, were \$15,467, \$14,873, and \$15,367, respectively, equal to the required contributions for each year.

4. CHANGES IN AGENCY FUND BALANCES

A summary of changes in sales tax collection agency fund balance due to others follows:

Balance at July 1, 2011	\$2,142
Additions	13,914,377
Deductions	<u>(13,589,215)</u>
Balance at June 30, 2012	<u><u>\$327,304</u></u>

5. FUND BALANCE RESERVE

To provide assurances that it will be financially able to pay all compensated absence liabilities, the commission has set up a reserve account to fund those expenditures as they occur. The following schedule provides detail on changes in the reserve during the year ended June 30, 2012.

Balance on hand at July 1, 2011	\$5,266
Additions	8,612
Reductions	(7,752)
Adjustments	<u>212</u>
Balance on hand at June 30, 2012	<u><u>\$6,338</u></u>

**RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana
Notes to the Financial Statements (Continued)**

Adjustment to compensated absences balance at June 30, 2012, was made to reflect differences due to changes in beginning and ending pay rates.

6. LITIGATION AND CLAIMS

In the opinion of the commission's legal counsel, the commission is not involved in any litigation at June 30, 2012, that would materially affect the financial position of the commission nor is it aware of any unasserted claims.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2012

	<u>BUDGET</u>	<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Fees, charges, and commissions for services	\$152,867	\$152,866	(\$1)
Use of money and property - interest earnings		14	14
Total revenues	<u>152,867</u>	<u>152,880</u>	<u>13</u>
EXPENDITURES			
Finance and administrative			
Current:			
Personal services and related benefits	115,562	127,385	(11,823)
Operating services	29,705	23,382	6,323
Materials and supplies	2,400	2,519	(119)
Travel and other charges	4,200	2,465	1,735
Capital outlay	1,000	1,025	(25)
Total expenditures	<u>152,867</u>	<u>156,776</u>	<u>(3,909)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	NONE	(3,896)	(3,896)
FUND BALANCE AT BEGINNING OF YEAR	<u>NONE</u>	<u>23,895</u>	<u>23,895</u>
FUND BALANCE AT END OF YEAR	<u>NONE</u>	<u>\$19,999</u>	<u>\$19,999</u>

**RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana**

**NOTE TO BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2012**

A proposed budget, prepared on the modified accrual basis of accounting, is prepared by the Administrator of the Richland Parish Tax Commission on or before May 1st of each year. The budget is then legally adopted by the Board of Commissioners and amended during the year, as necessary. If agreement is not reached in adopting the proposed budget by June 15th, fifty percent of the amounts appropriated for the last fiscal year are deemed to be re-appropriated. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts.

**RICHLAND PARISH SALES AND USE
 TAX COMMISSION
 Rayville, Louisiana**

**COLLECTIONS FOR OTHERS
 SALES TAXES
 For the Year Ended June 30, 2012**

	<u>TOTAL COLLECTIONS</u>	<u>COLLECTION COSTS</u>	<u>FINAL DISTRIBUTION</u>
Richland Parish School Board	\$5,726,016	\$64,607	\$5,661,409
Richland Parish Police Jury	4,202,116	47,438	4,154,678
Richland Parish Sheriff	1,400,591	15,811	1,384,780
Town of Delhi	814,674	9,157	805,517
Town of Rayville	1,326,107	15,016	1,311,091
Town of Mangham	74,132	838	73,294
	<u>13,543,636</u>	<u>152,867</u>	<u>13,390,769</u>

OTHER SUPPLEMENTARY INFORMATION

PART III

**RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended June 30, 2012**

GOVERNMENTAL FUND TYPE - GENERAL FUND

The General Fund is used to account for the general operating expenditures of the commission. Schedule 3 provides a detail of expenditures, by category, for the General Fund.

RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Schedule of Expenditures, By Character
For the Year Ended June 30, 2012

PERSONAL SERVICES

Salaries	\$98,637
Medicare taxes	1,720
Retirement contributions	15,535
Group insurance contributions	11,168
Worker's compensation insurance	325
Total personal services	<u>127,385</u>

OPERATING SERVICES

Audit costs	4,432
Computer services	2,610
Dues and subscriptions	978
Insurance	638
Office building	1,108
Office expense	613
Other operating services	569
Repairs and maintenance - building, equipment and computer	1,045
Professional services	3,133
Postage and delivery	1,177
Telephone	2,938
Utilities	4,141
Total operating services	<u>23,382</u>

MATERIALS AND SUPPLIES

Building supplies	55
Office supplies	2,464
Total materials and supplies	<u>2,519</u>

TRAVEL AND OTHER

Travel	1,640
Seminars and training	825
Total travel and other	<u>2,465</u>

CAPITAL OUTLAY

Improvements	1,025
Total capital outlay	<u>1,025</u>
Total expenditures	<u>\$156,776</u>

**RICHLAND PARISH SALES AND USE
TAX COMMISSION
Rayville, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended June 30, 2012**

FIDUCIARY FUND TYPE - AGENCY FUND

SALES TAX COLLECTION FUND

Article VII, Section 3 of the Louisiana Constitution of 1974, provides that the commission shall be authorized to serve as the single collector of sales and use taxes in Richland Parish. The Sales Tax Collection Agency Fund is used to account for the collection and distribution of these taxes to the appropriate taxing bodies.

RICHLAND PARISH SALES AND USE
 TAX COMMISSION
 Rayville, Louisiana
 FIDUCIARY FUND TYPE - SALES TAX COLLECTION
 AGENCY FUND

Schedule of Changes in Balances
 Due to Others
 For the Year Ended June 30, 2012

DEPOSIT BALANCE AT BEGINNING OF YEAR	<u>\$2,142</u>
ADDITIONS	
Sales tax collections	<u>13,914,377</u>
Total additions	<u>13,914,377</u>
DEDUCTIONS	
Taxes distributed to others:	
Richland Parish School Board	5,726,016
Richland Parish Police Jury	4,202,116
Richland Parish Sheriff	1,400,591
Town of Delhi	814,674
Town of Rayville	1,326,107
Town of Mangham	74,132
Revenue Recovery	<u>45,579</u>
Total deductions	<u>13,589,215</u>
DEPOSIT BALANCE AT END OF YEAR	<u><u>\$327,304</u></u>

**REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
PART IV**

**Independent Auditor's Report Required
by *Government Auditing Standards***

The following independent Auditor's report on compliance with laws, regulations, and contracts, and internal control is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

MARY JO FINLEY, CPA, INC.

A PROFESSIONAL CORPORATION

116 Professional Drive - West Monroe, LA 71291

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**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance Government Auditing Standards**

**RICHLAND PARISH SALES AND USE
TAX COMMISSION**
Rayville, Louisiana

I have audited the basic financial statements of the Richland Parish Sales and Use Tax Commission, a component unit of the Richland Parish Police Jury, as of and for the year ended June 30, 2012 and have issued my report thereon dated October 15, 2012. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Richland Parish Sales and Use Tax Commission's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Richland Parish Sales and Use Tax Commission's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Richland Parish Sales and Use Tax Commission's internal control over financial reporting.

A deficiency in internal control exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

RICHLAND PARISH SALES AND USE
TAX COMMISSION

Rayville, Louisiana

Independent Auditor's Report on Compliance

And Internal Control Over Financial Reporting, etc.

June 30, 2012

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Richland Parish Sales and Use Tax Commission's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Richland Parish Sales and Use Tax Commission, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513(G), this report is distributed by the Legislative Auditor as a public document.



West Monroe, Louisiana

October 15, 2012

**RICHLAND PARISH SALES AND
USE TAX COMMISSION
Rayville, Louisiana**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

A. SUMMARY OF AUDIT RESULTS

1. The Auditor's report expresses an unqualified opinion on the financial statements of Richland Parish Sales and Use Tax Commission.
2. No instances of noncompliance material to the financial statements of Richland Parish Sales and Use Tax Commission were disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

**RICHLAND PARISH SALES AND
USE TAX COMMISSION
Rayville, Louisiana**

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2012**

There were no audit findings reported in the audit for the year ended June 30, 2011.